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RECORDATION NO. 26747A FILED

January 11, 2008

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SURFACE TRANSPORTATION BOARD

Anne K. Quinlan, Esquire
Acting Secretary
Surface Transportation Board
395 E Street, S.W.
Washington, D.C. 20423-0001

Dear Ms. Quinlan:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11301(a) are two (2) copies of a Memorandum of Net Railcar Lease, dated as of July 1, 2007, a secondary document as defined in the Board's Rules for the Recordation of Documents.

The enclosed document relates to the Memorandum of Mortgage previously filed with the Board under Recordation Number 26747.

The names and addresses of the parties to the enclosed document are:

Lessor: Babcock & Brown Rail Funding LLC
1 Dag Hammarskjold Plaza
885 Second Avenue, 49th Floor
New York, NY 10017

Lessee: Virginia Electric and Power Company
120 Tredegar Street
Richmond, VA 23219

Anne K. Quinlan, Esquire
January 11, 2008
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A description of the railroad equipment covered by the enclosed document is:

125 hopper railcars: BNBX 120625 - BNBX 120749.

A short summary of the document to appear in the index is:

Memorandum of Net Railcar Lease.

Also enclosed is a check in the amount of \$35.00 payable to the order of the Surface Transportation Board covering the required recordation fee.

Kindly return stamped copies of the enclosed document to the undersigned.

Very truly yours,

A handwritten signature in black ink, appearing to read 'R. Alvord', with a long horizontal flourish extending to the right.

Robert W. Alvord

RWA/sem
Enclosures

JAN 11 '08

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MEMORANDUM OF NET RAILCAR LEASE

SURFACE TRANSPORTATION BOARD

THIS MEMORANDUM OF NET RAILCAR LEASE dated as of this 1st day of July, 2007, to that certain Master Net Railcar Lease dated as of July 1, 2007 between BABCOCK & BROWN RAIL FUNDING LLC, a Delaware limited liability company (the "Lessor") and VIRGINIA ELECTRIC AND POWER COMPANY, a Virginia corporation (the "Lessee"), pursuant to which Schedule No. 01 has been executed, is made by the Lessor and the Lessee (the Lessor and together with the Lessee, the "Parties").

KNOW ALL PERSONS BY THESE PRESENTS THAT:

WHEREAS, Lessor and the Lessee entered into that certain Master Net Railcar Lease dated as of July 1, 2007 and the Parties entered into that certain Schedule No. 01 thereto dated as of the same date (hereinafter as the same may from time to time be amended, modified or supplemented, the "Agreement"), covering the equipment listed on Exhibit A hereto (the "Cars");

WHEREAS, the Parties wish to show for the public record the existence of the aforesaid Agreement, and the respective interests therein of the Parties and accordingly the Parties have caused this memorandum to be executed by their respective duly authorized officers, as of the date first above written.

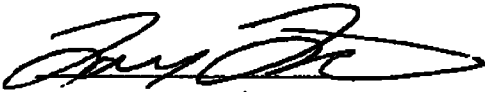
NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, by this instrument the Lessor hereby leases and confirms the lease of the Cars to the Lessee in accordance with the terms and conditions of the Agreement, and the Lessee confirms and accepts such terms and conditions, which are incorporated by reference as if fully set forth herein.

This Memorandum of Net Railcar Lease may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the undersigned has caused this Memorandum of Net Railcar Lease to be executed by a duly authorized officer as of the day and year as set forth below.

BABCOCK & BROWN RAIL FUNDING LLC, as Lessor

By: 

Name: Larry Littlefield


Title: Vice President

Date: 01-07-2008

VIRGINIA ELECTRIC AND POWER COMPANY, as Lessee

By: 

Name: Greg Workman

Title: Authorized Representative 

Date: Dec 27, 2007 

STATE OF New York)
COUNTY OF New York) SS:

On 1/7, 2008, before me, Indra Bedasie, Notary Public, personally appeared Jerry Littlefield, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Indra Bedasie
NOTARY PUBLIC

INDRA BEDASIE
Notary Public, State of New York
No. 01BE6014602
Qualified in Queens County
Certificate Filed in New York County
Commission Expires October 19, 2010

STATE OF Virginia)

) SS:

COUNTY OF Richmond)

On Dec 27th, 2007, before me, Michelle J. Howard Notary Public, personally appeared Grea Workman, personally known to me to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

WITNESS my hand and official seal.

Michelle J. Howard

Subscribed Hereon to My
Commonwealth of Virginia Notary Public Seal
My Commission Expires February 28, 2008
MICHELLE J. HOWARD



EXHIBIT A
MEMORANDUM OF NET RAILCAR LEASE

<u>Quantity of Cars</u>	<u>Car Description</u>	<u>Reporting Mark and Numbers</u>
One Hundred Twenty-Five (125)	Aluminum body AutoFlood III Open Top Hoppers, with a 4200 CF, 286,000 lbs. gross rail load capacity, AAR Car Type Code K341, built by Freight Car America in 2006	BNBX 120625 – 120749, inclusive

CERTIFICATION

I, Robert W. Alvord, attorney licensed to practice in the State of New York and the District of Columbia, do hereby certify under penalty of perjury that I have compared the attached copy with the original thereof and have found the copy to be complete and identical in all respects to the original document.

Dated: 1/11/08



Robert W. Alvord